

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 /018 W
----- 017041

R 042015Z MAR 75
FM AMEMBASSY BUENOS AIRES
TO USDOC WASHDC
INFO SECSTATE WASHDC 0156

UNCLAS BUENOS AIRES 1484

E.O. 11652: N/A
TAGS: BEXP, AR
SUBJ: PRIVATE TRADE OPPORTUNITY

REF: A) BA A-70, DTD 3-5-74, B) SUMMARY MARKET PROFILE OF
OPPORTUNITIES IN THE ARGENTINE PETROCHEMICAL INDUSTRY,
APRIL 1974

1. BIDS SPECS FOR ENGINEERING AND DESIGN PHASE ARE IN PREPARATION
BY YRF FOR FOLLOWING PLANTS ON WHICH OFFERS WILL BE CALLED FOR
DURING FIRST QUARTER 1975:

PRODUCT	CAPACITY(M.T./YEAR)	LOCATION (ALTERNATIVE)
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CAPROLACTUM	30-35,000	ENSENADA/CAMPANA/SAN LORENZO
POLYPROPYLENE	30,000	ENSENADA/MENDOZA
AMMONIA	330,000	SAN LORENZO
FERTILIZERS NPK	198,000	SAN LORENZO
SULPHUR ACID	500,000	SAN LORENZO
PHOSPHORIC ACID (PHOSPHO- ROUS PENTOXIDE)	198,000	SAN LORENZO

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SODIUM HEXAFLUOROSILICATE 15,000 SAN LORENZO

EQUIPMENT WILL BE UP FOR BIDS APPROXIMATELY ONE YEAR AFTER BASIC ENGINEERING.

2. OTHER MAJOR SALES OPPORTUNITIES REMAIN AS DISCUSSED IN A REF. (B) AND BEST MARKETING APPROACH FOR THESE PROJECTS IS PACKAGE OFFER. AS A RESULT OF GOA'S DECISION TO CANCEL THE MONTEDISON DEAL FOR THE BAHIA BLANCA COMPLEX, THIS PROJECT NOW PRESENTS POTENTIAL OPPORTUNITIES FOR US INVESTORS (SEE REF. (B), PAGES 10 AND 11A). THE PROJECT WILL INEVITABLY INQUIRE LARGE SCALE FOREIGN INVESTMENT OR FUNDING IN SOME FORM. IT WILL TAKE PROBABLY ONE YEAR FOR GOA TO DECIDE ON THIS SECONDARY PLANT COMPLEX, WHICH WILL OF COURSE HAVE TO WAIT COMPLETION OF THE GENERAL CERRI GAS SEPARATION PLANT WHICH WILL SUPPLY RAW MATERIAL FOR PETROQUIMICA BAHIA BLANCA (PBB).

3. EMBASSY HAS INFORMATION THAT A GOVERNMENT COMMISSION IS BEING CONSTITUTED TO REEXAMINE THE ISSUE OF THE CAPITAL MIX FOR INTERMEDIATE PRODUCT PLANTS (SEE REF. B). WHICH IS PRESENTLY FIXED AT 51 PERCENT GOE AND 49 PERCENT PRIVATE (LOCAL OR FOREIGN), PER GOA DECREE 592/73 OF DEC 10, 1973. IT IS LIKELY THAT INVESTMENT POLICY IN THIS SECTOR WILL BE MODIFIED BECAUSE IT IS BECOMING APPARENT THAT NO PRIVATE FOREIGN COMPANY WILL BE WILLING TO PROVIDE CAPITAL AND KNOW-HOW AND LEAVE MANAGEMENT IN THE HANDS OF GOA. MOREOVER, GOA WILL MOST PROBABLY HAVE TO RESORT TO INTERNATIONAL FINANCING IF IT IS TO GO AHEAD WITH PLANNED PROJECTS WHICH IT HAS RESERVED FOR ITSELF (GROUP 1 PLANTS, FOR PRIMARY PRODUCTS). ALTHOUGH CHANGES IN POLICY ARE NOT EXPECTED IN THE SHORT TERM, ABOVE SITUATION MIGHT FORCE GOA TO ALLOW INCREASED PARTICIPATION OF PRIVATE CAPITAL IN ALL GROUPS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUENOS01484
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750076-0405
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750386/aaaaczez.tel
Line Count: 92
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 BA A-70, 75 DTD 3-5-74
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 23 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 MAY 2003 by SilvaL0>; APPROVED <23 FEB 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIVATE TRADE OPPORTUNITY
TAGS: BEXP, AR
To: COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006